The use of the High Conservation Value (HCV) and High Carbon Stock (HCS) approaches by palm oil companies assessed on SPOTT

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About SPOTT

Developed by the Zoological Society of London (ZSL), SPOTT is an online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivizes the implementation of corporate best practice.

SPOTT assesses commodity producers and traders on the public disclosure of their policies, operations and commitments related to environmental, social and governance (ESG) issues. SPOTT scores companies annually against sector-specific indicators, allowing them to benchmark their progress over time. Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage risk, and increase industry transparency.

For more information, visit SPOTT.org.

About ZSL

Founded in 1826, the **Zoological Society of London** (ZSL) is an international scientific, conservation and educational charity whose mission is to promote and achieve the worldwide conservation of animals and their habitats.

Our mission is realised through our groundbreaking science, our active conservation projects in more than 50 countries and our two Zoos, ZSL London Zoo and ZSL Whipsnade Zoo.

Key findings

The High Conservation Value (HCV) and High Carbon Stock (HCS) approaches are used to identify and protect important environmental and social values that should be conserved. This briefing note provides an overview of the commitments to the HCV and HCS approaches made by companies, drawing on SPOTT assessment data from October 2015 to November 2017.

- Developed by the Zoological Society of London (ZSL), SPOTT assessments score the largest palm oil producers and traders on the public disclosure of policies, operations and commitments related to environmental, social and governance (ESG) issues. In the most recent assessments, published in November 2017, over 70% of the 50 companies assessed had made clear commitments to the HCV approach, compared with 54% in October 2015.
- Only a third of these companies clearly extend their HCV commitments to scheme smallholders and independent suppliers, indicating potential environmental or social risks.
- Despite progress in commitments to the HCV approach from 2015 to 2017, only 22 out of 50 (44%) companies assessed on SPOTT had made clear commitments to the High Carbon Stock Approach (HCSA) in November 2017.
- The majority (85%) of companies assessed on SPOTT disclose the extent of their areas set aside for conservation or High Conservation Value (HCV) areas. However, companies do not currently make digitised maps of HCV areas publicly available.
- For companies on SPOTT (both RSPO members and non-members) that have reported new plantings undertaken since January 2015, 56% have not made any HCV assessment documentation publicly available, while only 22% of companies have made the associated HCV management and monitoring documentation publicly available.
- Over half (54%) of companies assessed on SPOTT report details of any HCV and other conservation area management, monitoring and/or restoration activities. No companies assessed on SPOTT report on the ongoing participation of communities in HCV management and monitoring processes.
- Only a third (33%) of companies assessed on SPOTT have made clear commitments to only use licensed HCV assessors accredited by the HCV Resource Network (HCVRN) Assessor Licensing Scheme (ALS), covering both new plantings and existing plantations.
- Although there have been some improvements to commitments to the HCV and HCS approaches, stronger policies are needed to ensure that HCV areas and HCS forests are effectively identified, managed, monitored, and reported over time.

Recommendations for companies and HCV and HCS practitioners

- The findings demonstrate that companies assessed on SPOTT are progressing towards making clearer commitments and improving disclosure. However, companies need to fully realise the business case for conserving HCV areas and HCS forests, and the risks associated with a lack of effective management of these areas. Companies can demonstrate responsibility and leadership through improved and proactive disclosure.
- Companies should always make strong commitments to the HCV approach, and disclose details of the HCV management and monitoring activities they undertake.
- Companies operating in fragmented forest landscapes (e.g., Indonesia or Malaysia) should make a strong commitment to the HCS Approach.
- To avoid supply chain risks and leakage, companies should ensure that their HCV and HCS commitments extend to all of their suppliers, and they should engage with their suppliers to build capacity and ensure compliance with their sustainability policies.
- To demonstrate best practice, companies should always use ALS-licensed HCV assessors to lead HCV or integrated HCV-HCSA assessments. This will ensure that assessments are of sufficiently high quality and HCV areas or HCS forests are not misidentified, thereby placing them at risk of damage or destruction.
- To avoid the degradation of HCV areas and HCS forests over time, tools are needed to support companies in their adaptive management processes. An example of a tool to support companies in monitoring and management is the ZSL HCV Threat Monitoring Protocol.

Recommendations for the RSPO

- Careful inclusion of the HCS Approach in the RSPO's Principles and Criteria (P&C) could support improved alignment between HCV and HCS, drive its adoption by many more companies, and support more sustainable land planning processes.
- The RSPO's Certification Bodies should always: (1) check and ensure that RSPO members use ALS-licensed assessors for HCV assessments for new plantings, (2) ensure that HCV assessments reach the ALS Quality Panel and (3) ensure companies are undertaking effective HCV management and monitoring processes.
- The RSPO should consider including requirements within the P&C for members to use ALS licensed assessors for the identification of HCVs on existing plantations.
- The RSPO should encourage companies to make digitised maps of HCV areas available to interested stakeholders, in order to provide opportunities to better connect HCVs in adjacent plantations and wider landscapes. The provision of these maps should be done with adequate safeguards to protect vulnerable HCVs.

Contents

1. Introduction: the case for the HCV and HCS approaches

The High Conservation Value (HCV) and High Carbon Stock (HCS) approaches are used to identify and protect important environmental and social values that should be conserved. The palm oil industry often operates in highly biodiverse, carbon-rich landscapes, critical to the livelihoods of local and indigenous peoples. HCV and HCS assessments are therefore of great importance to companies' approaches to conservation and contribute to risk reduction, and to the implementation of commitments to no deforestation, to greenhouse gas emissions reduction, and to safeguarding local communities' rights.

The HCV and HCS approaches work by using field- and desk-based assessments to identify any HCV areas or HCS forests that may be present in an existing or proposed oil palm plantation. Any HCV areas or HCS forests that are identified must then be managed and monitored to ensure they are protected in the long-term. It may be argued that the costs of re-siting or mitigating development can be high when HCV areas or HCS forests are identified, but the loss of biodiversity resulting from damage to habitats, and land acquisition processes that violate local peoples' rights, can be irreversible. Furthermore, plantation developments that do not use HCV and HCS approaches are at greater risk of long-term disputes, costs, reputational damage, and compensation and remediation liabilities.

This briefing note provides an overview of the varying levels of commitments to the HCV and HCS approaches made by companies assessed on SPOTT, and makes recommendations for companies, the RSPO and practitioners responsible for implementing HCV and HCS approaches.

High Conservation Value (HCV) approach

The HCV approach is an ongoing process of identifying, managing and monitoring biological, ecological, social or cultural values that are of outstanding significance or critical importance at the national, regional or global level. There are six categories of HCV:

HCV 1: Concentrations of biological diversity, including rare, threatened or endangered species

HCV 2: Landscape-level ecosystems and mosaics, including intact forest landscapes

HCV 3: Rare, threatened, or endangered ecosystems, habitats or refugia

HCV 4: Basic ecosystem services in critical situations, including water catchments

HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples

HCV 6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance[1]

Many certification schemes, private sector organisations and financial institutions require the identification and protection of HCVs as part of their principles and criteria or their global procurement and investment policies.[2] In its P&C, the RSPO requires the identification, management and monitoring of HCVs as part of its New Planting Procedure (NPP), and on existing plantations.[3]

[1] HCV Resource Network. What are High Conservation Values? [Accessed 2 February 2018]. Available from: www.hcvnetwork.org/about-hcvf

[2] HCV Resource Network. Who uses HCV? [Accessed 2 February 2018]. Available from: https://www.hcvnetwork.org/hcv-in-natural-resource-certification

[3] RSPO. 2013. Principles & Criteria. [Accessed 2 February 2018]. Available from: https://www.rspo.org/key-documents/certification/rspo-principles-and-criteria

High Carbon Stock Approach (HCSA)

The HCS Approach is an integrated land-use planning approach used to distinguish forest areas needing protection from degraded lands with low carbon and biodiversity values that may be developed.[4] Using analyses of satellite data and ground survey measurements, the HCS methodology stratifies the vegetation in an area of land into six different classes: High Density Forest, Medium Density Forest, Low Density Forest, Young Regenerating Forest (all of which are considered to be potential HCS forests), or Scrub or Cleared/Open Land. Vegetation classes are then validated through calibration with carbon stock estimates in the above-ground tree biomass and field checks. Community land rights and uses are mapped, and the HCS forest patches are further analysed via a decision tree to identify viable and optimal forest areas for potential protection and areas for development.

Crucially, the HCS Approach integrates enhanced Free, Prior and Informed Consent (FPIC) procedures, and respects community land use and livelihoods. It requires participatory community-land use planning and management, applies conservation planning tools to the identified HCS forest areas, and combines with mapped community land use, HCV, peatland and riparian areas to delineate areas for conservation, restoration, community land use, and/or areas potentially available for plantation development. Research suggests that certification schemes, coupled with tools such as HCS, can help secure large forest patches of high conservation value in agricultural estates, and offer a further safeguard to minimise encroachment.[5]

Companies that have adopted the HCS Approach are now required to use the integrated HCV-HCSA Assessment Manual (published in November 2017) for all HCS assessments. The manual requires that all HCS assessments include an integrated HCV assessment, and allows HCV and HCSA experts to work together as members of a single team, sharing data and interpreting results together.[6]

2. Methodology

This analysis draws upon data from SPOTT assessments conducted by ZSL. The data used is primarily from November 2017, but where possible trends from 2015-2017 were examined (please see details of indicators below). SPOTT provides company- and sector-specific data required to monitor, assess and manage the sustainability risks associated with palm oil production. ZSL conducts a thorough review of publicly available reports and publications (including parent and subsidiary company websites, annual and sustainability reports, presentations and the websites of initiatives, the HCV Resource Network [HCVRN] website and Annual Communication of Progress [ACOP] reports for RSPO members), before contacting companies with their draft assessments. This engagement process offers companies an opportunity to improve on their public disclosure ahead of the final review and publication of all the assessments on the SPOTT website: www.spott.org.

SPOTT's indicator framework was revised and expanded between the 2016 and 2017 assessments. So assessments from 2017 onwards capture more detail on companies' commitments and disclosures.

[4] The High Carbon Stock Approach. High Carbon Stock Approach. [Accessed 2 February 2018].
Available from: www.highcarbonstock.org/the-high-carbon-stock-approach/

[5] Deere, N. J., Guillera-Arroita, G., Baking, E. L., et al. 2017. High Carbon Stock forests provide co-benefits for tropical biodiversity. J Appl Ecol. 2017;00:1–12.
Available from: https://doi.org/10.1111/1365-2664.13023

[6] HCV Resource Network. 2017. HCV-HCSA Assessment Manual. [Accessed 2 February 2018].
Available from: https://www.hcvnetwork.org/als/documents-and-guidance

The following SPOTT palm oil indicators have been used for this analysis:

Does the company disclose:

29: Commitment to set aside areas for conservation?

30: Evidence of habitat management and/or habitat restoration? (including HCV and other conservation areas)

37: Commitment to the High Conservation Value (HCV) approach?[7]

38: HCV commitment applies to scheme smallholders and independent suppliers?

39: Commitment to only use licensed High Conservation Value (HCV) assessors accredited by the HCV Resource Network's Assessor Licensing Scheme (ALS)?[8]

40: High Conservation Value (HCV) assessments for planting undertaken prior to January 2015, and associated management and monitoring plans?[9]

41: High Conservation Value (HCV) assessments for all estates planted since January 2015?

42: High Conservation Value (HCV) management and monitoring plans for all estates planted since January 2015?[10]

43: Satisfactory review of all High Conservation Value (HCV) assessments undertaken since January 2015 by the HCV ALS Quality Panel?

44: Commitment to the High Carbon Stock (HCS) Approach?

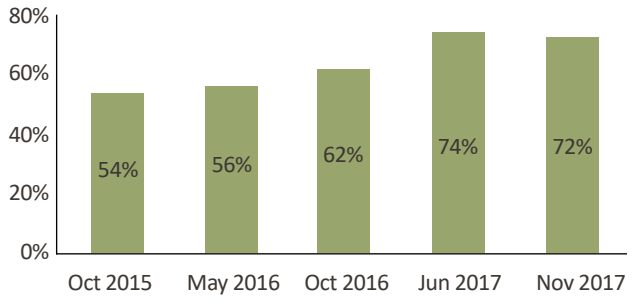
45: High Carbon Stock (HCS) assessments?

3. Results

3.1 Have companies assessed on SPOTT made commitments to the HCV approach?

Between October 2015 and November 2017, companies assessed on SPOTT made significant improvements in making clear commitments to the HCV approach, as shown in Figure 1, with an upward trend from 54% to 72%.[11] Although there has been an overall upward trend, when the SPOTT assessments were published in November 2017, one company's score decreased against this indicator.[12] Eight out of 50 (16%) companies have no commitment in place.

Figure 1. Companies assessed on SPOTT with commitments to the HCV approach



3.2 Have companies assessed on SPOTT disclosed their conservation set-aside areas, including HCV areas?

Forty-one out of 48[13] (85%) companies assessed on SPOTT report their areas set aside for conservation or HCV areas, totalling 791,331 ha,[14] compared with a disclosed total planted area of 5,537,754 ha. Since the launch of the HCVRN's HCV Assessor Licensing Scheme (ALS) in October 2014, a total of **361,468 ha** of oil palm estates have undergone an HCV assessment in accordance with the RSPO's New Planting Procedure (NPP). Of these, **88,055 ha** have been identified as HCV management areas.[15]

[7] The SPOTT indicator framework was updated in 2017. For assessments undertaken in 2015-2016, this relates to SPOTT indicator 3.4.1: Does the company have a publicly-available commitment to conduct High Conservation Value (HCV) assessments prior to any new planting taking place?

[8] The SPOTT indicator framework was updated in 2017. For assessments undertaken in 2015-2016, this relates to SPOTT indicator 3.4.2: Has the company publicly committed to only use licensed High Conservation Value (HCV) assessors accredited by the HCV Resource Network's Assessor Licensing Scheme (ALS)?

[9] The SPOTT indicator framework was updated in 2017. For assessments undertaken in 2015-2016, this relates to SPOTT indicator 3.4.3: Are all of the company's High Conservation Value (HCV) assessments conducted after November 2005 publicly available?

[10] The SPOTT indicator framework was updated in 2017. For assessments undertaken in 2015-2016, this relates to SPOTT indicator 3.4.4: Does the company make its High Conservation Value (HCV) management and monitoring plans for all of its estates publicly available?

[11] SPOTT indicator 37

[12] One company's score decreased due to the quality of the company's commitment being re-assessed

[13] Figure excludes companies assessed on SPOTT with only trading operations

[14] SPOTT indicator 12

[15] Lyons-White, J., Villalpando, P., Zrust, M., et al. 2017. HCV Management & Monitoring: A review of field-level barriers to effective HCV management and monitoring in RSPO-certified oil palm plantations, HCV Resource Network. [Accessed 5 February 2018].
Available from: https://www.hcvnetwork.org/hcv-m-m-full-report

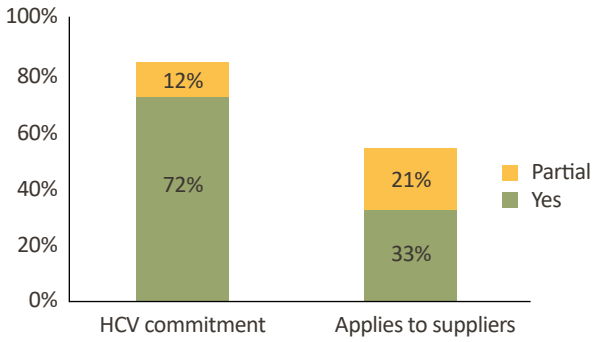
However, even growers certified by the RSPO are not currently required to publish their HCV area boundaries on an easily-accessible public platform such as Global Forest Watch, posing a barrier to the remote monitoring of HCV vegetation change.[16] Publicly-available digitised maps could provide opportunities for remote monitoring, as well as facilitating better planning to connect HCVs in adjacent plantations and wider landscapes.[17]

3.3 Do companies' HCV commitments apply to scheme smallholders and independent suppliers?

In the November 2017 SPOTT assessments, 36 out of 50[18] (72%) companies assessed on SPOTT have a clear commitment to the HCV approach, and 6 out of 50 (12%) receive partial points against this indicator (Figure 2). Partial points are awarded if the commitment or policy is not clear; for example, companies may be committed to the HCV approach as part of their RSPO membership but may not have publicly disclosed an explicit commitment themselves.

Only 16 out of 48[19] (33%) companies assessed on SPOTT ensure their commitment clearly applies to scheme smallholders and independent suppliers,[20] indicating potential environmental or social risks for the others. Ensuring that companies' commitments apply to their suppliers provides more confidence that the company does not externalise threats to HCVs or leave them unaddressed. Ten out of 48 (21%) companies assessed on SPOTT mention how the indicator applies to their suppliers but lack clarity; for example, the commitment may only apply to scheme smallholders or independent suppliers, or the commitment may not make clear its strict applicability to scheme smallholders and suppliers.

Figure 2. Companies assessed on SPOTT with commitments to the HCV approach for suppliers (Nov 2017)



Companies should ensure their commitments extend to their suppliers, and they should engage with their suppliers to build capacity and ensure compliance with their sustainability policies. While some stakeholders might demand swift action towards suppliers suspected of wrongdoing, it is important to highlight that exclusion does not necessarily deliver the best outcomes in sustainability terms, as suppliers may simply find less scrupulous customers and persist with environmentally-harmful practices. To answer stakeholders' concerns, companies should document engagement proceedings in a systematic manner and establish time-bound plans for compliance in collaboration with suppliers.

From disclosure to engagement: A guide to the SPOTT indicator framework for assessing palm oil producers and traders

Factsheets from SPOTT's palm oil indicator guide provide more information on how companies can ensure that their commitments are reflected in their entire supply chains:

- Smallholder support: With a perspective from Marks and Spencer
- Supplier selection: With perspectives from Golden-Agri Resources and WWF-India

[16] Carlson, K. M., Heilmayr, R., Gibbs, H. K., et al. 2017. Effect of oil palm sustainability certification on deforestation and fire in Indonesia. [Accessed 1 February 2018]. Available from: http://www.pnas.org/content/early/2017/12/05/1704728114

[17] Lucey, J. M., Palmer, G., Yeong, K. L., et al. 2017. Reframing the evidence base for policy-relevance to increase impact: a case study on forest fragmentation in the oil palm sector. Journal of Applied Ecology, 54(3), 731–736. [Accessed 1 February 2018].

[18] Figure includes companies assessed on SPOTT with only trading operations

[19] Figure excludes two companies with only trading operations

[20] SPOTT indicator 38

3.4 Have companies assessed on SPOTT made commitments to only use licensed HCV assessors accredited by the HCVRN's Assessor Licensing Scheme (ALS)?

In light of significant concerns in the past about the quality of HCV assessments being undertaken,[21] the HCVRN's ALS was established as a quality assurance mechanism to ensure that effective HCV assessments are undertaken by licensed assessors, and HCV assessment reports undergo quality assurance. Sixteen out of the 48[22] (33%) companies assessed on SPOTT in November 2017 have made clear commitments to only using licensed HCV assessors licensed by the HCVRN ALS.[23] The 42% of companies (20 out of 48) that received partial points against this indicator do not have explicit commitments but are committed to using only ALS-licensed HCV assessors under the RSPO NPP (Figure 3).

As shown in Figure 4, 12% of companies assessed on SPOTT had commitments in October 2015, compared with 33% in November 2017. It is important to note that under the RSPO standard, HCV assessments conducted by ALS-licensed assessors are only required for all new plantings (since January 2015) and not for established plantings. It is good practice for companies to also contract ALS-licensed assessors for the identification of HCVs for existing plantations.

3.5 Have companies assessed on SPOTT disclosed HCV assessments for planting undertaken prior to January 2015, and associated management and monitoring plans?

Twenty-three out of 48[24] (48%) companies assessed on SPOTT have disclosed HCV assessments and associated management and monitoring plans for pre-January 2015 plantings, but 25 out of 48 (52%) have not.[25] The disclosure of management and monitoring summaries provides confidence to interested stakeholders that companies are implementing commitments. Care must always be taken when disclosing sensitive information (such as the location of endangered species or sacred sites) to ensure that HCVs are not put at risk of damage or destruction. It is important that companies demonstrate that they are making efforts to ensure that the size and quality of HCVs do not degrade over time. According to research undertaken by the SEnSOR programme in 2017, HCVs currently contain an average of 21% forest cover (ranging from 0-78% on some plantations) and the biodiversity benefits of HCV areas vary widely between plantations. The researchers argue that to minimise biodiversity losses in oil palm landscapes, high-quality forest habitat within HCV areas should be restored (e.g. by enrichment planting).[26]

Figure 3. Companies assessed on SPOTT with commitments to only use ALS-licensed HCV assessors (Nov 2017)

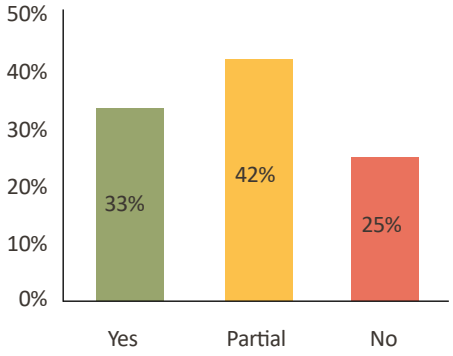
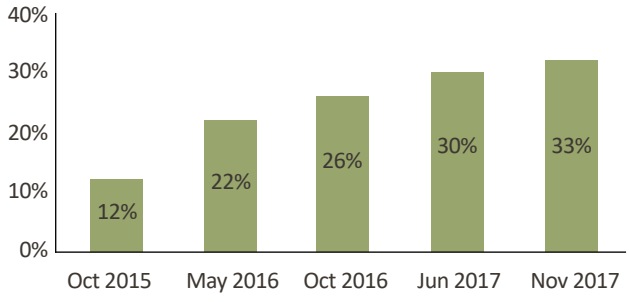


Figure 4. Companies assessed on SPOTT with commitments to only use ALS-licensed HCV assessors



[21] Paoli, G. D., and Harjanthi, R. 2011. Overcoming Barriers to Effective Implementation of HCV in RSPO. Daemeter Consulting. [Accessed 2 February 2018]. Available from: https://www.rspo.org/file/Overcoming%20Barriers%20to%20Effective%20Implementation%20of%20HCV%20%20in%20RSPO_FINAL_Daemeter%20(web%20version).pdf

[22] Figure excludes companies with only trading operations

[23] SPOTT indicator 39

[24] Figure excludes companies with only trading operations

[25] SPOTT indicator 40

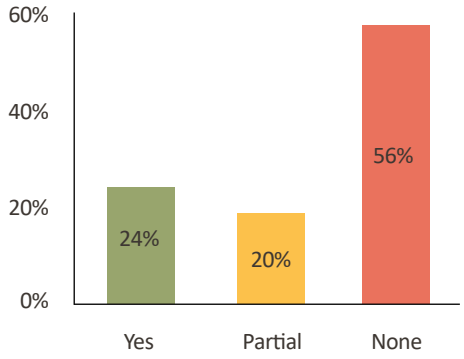
[26] Scriven, S., Carlson, K. M., Hidgson, J. A., et al. (2017). The Impact of RSPO Membership on Avoiding Biodiversity Losses in Oil Palm Landscapes: A science-for-policy brief by the SEnSOR programme. Socially and Environmentally Sustainable Oil Palm Research. [Accessed 5 March 2018] Available from: http://www.sensorproject.net/reports/

3.6 Have companies assessed on SPOTT disclosed HCV assessments for all estates planted since January 2015?

Ten out of the 41[27] (24%) companies assessed on SPOTT that have reported having new plantings since January 2015 have publicly disclosed their HCV assessments, or summaries of these, according to November 2017 SPOTT assessments.[28] This data was taken from ACOP reports (if RSPO members), or other sources for non-RSPO members.

Eight out of 41 (20%) companies receive partial points because they have made some HCV assessments or summaries available online, while 23 out of 41 (56%) have not made any HCV assessment documentation available online (Figure 5).

Figure 5. Companies assessed on SPOTT that have disclosed HCV assessments for all estates with new plantings since 2015 (Nov 2017)



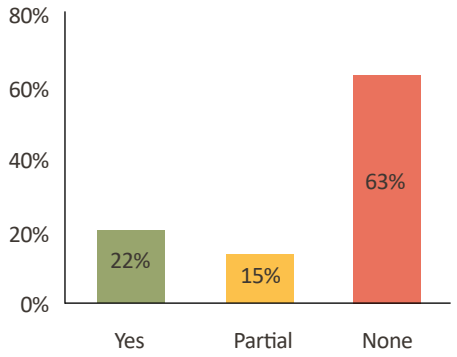
Of the 16 RSPO member companies assessed on SPOTT that report in their 2015 or 2016 ACOPs that they have submitted NPPs, only eight receive full points for disclosing HCV assessments for all estates planted since January 2015. Six companies receive partial points and two companies receive no points as no NPPs could be found. A further 10 non-RSPO member companies reported new plantings since 2015 but no HCV assessments could be found, and one company received partial points.

3.7 Have companies assessed on SPOTT made associated HCV management and monitoring plans available for all estates planted since January 2015?

Nine out of 41[29] (22%) companies assessed on SPOTT have publicly disclosed their HCV management and monitoring reports or summaries for new plantings since January 2015, according to November 2017 SPOTT assessments (Figure 6).[30]

Six out of 41 (15%) companies receive partial points because they have made some HCV management and monitoring reports or summaries available online, while 26 out of 41 (63%) have not made any HCV management and monitoring documentation (e.g. summaries if full reports contain sensitive information) available online for new plantings since January 2015.

Figure 6. Companies assessed on SPOTT that have disclosed HCV management and monitoring plans for all estates with new plantings since 2015 (Nov 2017)



3.8 Do companies report on their habitat management and/or habitat restoration activities?

Twenty-six out of 48[31] (54%) companies assessed on SPOTT report details of their HCV and other conservation area management, monitoring and restoration activities,[32,33] including:

- Installing boundary markers and signboards in conservation set-asides
- Patrolling the borders of forest areas, protection against hunters, extraction of forest materials and illegal logging
- Replanting of HCV areas, including riparian zones, buffer zones, wetlands, peatlands and mangroves
- Establishment of natural wildlife corridors to improve species connectivity

Tools exist to support companies with monitoring their HCVs to inform their HCV management processes, such as the ZSL HCV Threat Monitoring Protocol. Examples of improvements to more adaptive HCV management and monitoring are also available for companies to follow. For example, according to a 2017 review of field-level barriers to effective HCV management and monitoring in RSPO-certified oil palm plantations,[34] a company operating in Indonesia reported improvements to HCV 6 maintenance following community feedback during regular meetings. The company then modified its management activities based on this feedback.

Only one company assessed on SPOTT reports that it updates

[27] Figure excludes companies with only trading operations or with no new planting reported. The figure includes one company that reports no new planting but has had HCV assessments undertaken for their existing plantations.
[28] SPOTT indicator 41
[29] See footnote 26
[30] SPOTT indicator 42
[31] Figure excludes companies with only trading operations
[32] SPOTT indicator 30
[33] According to SPOTT assessments published in November 2017
[34] See footnote 13

its HCV management plans annually. Adaptive management, in which monitoring outputs are used to inform management activities, is important and can ensure optimal use of limited resources and effective prioritisation of management and monitoring processes.

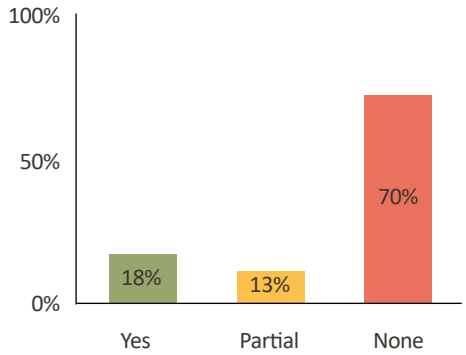
Only one company assessed on SPOTT mentioned involvement of local people in conservation activities (an annual tree planting day). No companies report on the continuous participation of communities in HCV management and monitoring processes. While the RSPO P&Cs do not explicitly require community participation in HCV management and monitoring, it is recommended in the Common Guidance for HCV Management and Monitoring.[35]

3.9 Have companies assessed on SPOTT had a satisfactory review of all their HCV assessments undertaken since January 2015 by the HCV ALS Quality Panel?

Seven out of 40[36] (18%) companies assessed on SPOTT have had satisfactory reviews of their HCV assessments that have been undertaken since January 2015 (Figure 7).[37,38,39]

Twenty-eight out of 40 (70%) companies assessed on SPOTT (both RSPO members and non-members) do not score any points against this indicator. For three of these companies, HCV assessment reports have been deemed unsatisfactory by the ALS Quality Panel, showing that they have not met the higher quality standards required. For the other 27 companies, no records could be found, even though new plantings had been reported by these companies. Five out of 40 (13%) companies have had both satisfactory and unsatisfactory reviews of their HCV assessment reports so receive partial points against this indicator.

Figure 7. Companies assessed on SPOTT that have had a satisfactory review of their HCV assessments undertaken since January 2015 (Nov 2017)



3.10 Have companies assessed on SPOTT made clear commitments to the HCS Approach?

Turning to examine the HCS Approach, the number of companies assessed on SPOTT with clear commitments to the HCS Approach grew most between the October 2015 and May 2016 SPOTT assessments (Figure 8.) The pace of adoption of public commitments to the HCS Approach has since slowed.[40]

Comparing companies' commitments to the HCV and HCS approaches (Figure 9), SPOTT assessments published in November 2017 show that while 36 out of 50 (72%) companies have made clear commitments to the HCV approach, only 22 out of 50 (44%) companies have made clear commitments to

ZSL HCV Threat Monitoring Protocol

ZSL has developed, field-trialed, and trained company staff on a standardised protocol[41] developed for the palm oil industry to help companies monitor threats to HCV areas, biodiversity, and operational issues in plantations. The system comes with free Spatial Monitoring and Reporting Tool (SMART) software and allows managers to visualise the distribution of threats on concession maps, analyse the effectiveness of their management activities and monitor field staff performance.

This is the first time that a standardised monitoring system has been developed for the palm oil industry and has been shown to improve both the efficiency and effectiveness of HCV management. SMART includes a desktop application, training and implementation manuals, web-based training materials, standardised protocols and an active and growing community of users and conservation practitioners who can share experiences and have a say in improving and sustaining SMART over the long-term.

[35] Brown, E. and Senior, M. 2014. Common Guidance for HCV Management and Monitoring: A good practice guide for the adaptive management of HCVs. HCV Resource Network. [Accessed 2 February 2018]. Available from: https://www.hcvnetwork.org/resources/common-guidance-for-m-m-2015

[36] Figure excludes companies with only trading operations or those who report no new planting

[37] SPOTT indicator 43

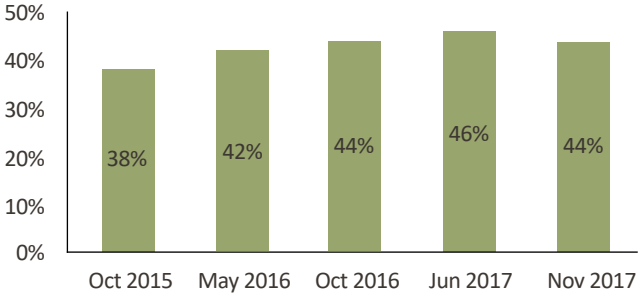
[38] HCV Resource Network. Ongoing and historical evaluations of assessment reports, [Accessed 2 February 2018]. Available from: https://www.hcvnetwork.org/als/public-summaries

[39] According to November 2017 SPOTT assessments

[40] One company's score decreased due to a revision of SPOTT's indicator framework and research protocols

[41] Zrust, M., D'Arcy, L., Sadkin, L. et al. 2013. HCV Threat Monitoring Protocol. Zoological Society of London. [Accessed 2 February 2018]. Available from: https://www.hcvnetwork.org/resources/hcv-threat-monitoring-protocol-zsl-2012

Figure 8. Companies assessed on SPOTT with clear commitments to the HCS Approach



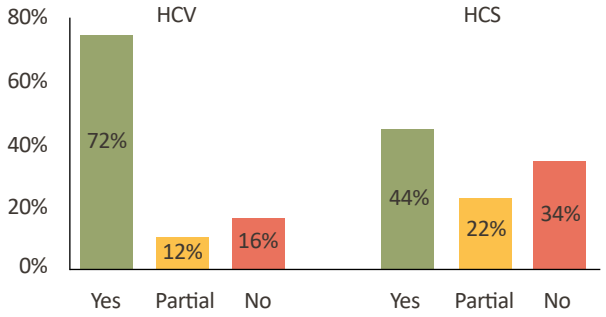
the HCS Approach.[42] For the 11 out of 50 (22%) companies assessed on SPOTT that received partial points against the indicator on commitments to the HCS Approach, there is insufficient clarity on whether the approach is being used for all new plantings, and how they define "high carbon stock". For example, companies refer to the RSPO's HCS evaluation methodology – presumably from its Greenhouse Gas (GHG) Assessment Procedure for New Development[43] – but the HCS Approach has not, to date, been integrated into the RSPO P&Cs. This suggests potential confusion about the definition and scope of the HCS Approach by growers.

The RSPO P&C Review Task Force and the HCSA Steering Group Executive Committee are currently discussing the conditions for inclusion of the HCS Approach in order to address no-deforestation in the RSPO P&C.[44] Including the HCS Approach in the RSPO's requirements could drive its adoption by many more companies, and support more sustainable land planning processes.

3.11 Have companies assessed on SPOTT disclosed their HCS assessments?

Although 22 companies assessed on SPOTT have made a clear commitment to the HCS Approach as of November 2017, only eight companies have made their HCS assessments publicly available.[45] Four companies assessed on SPOTT receive partial points, which are awarded if they report that they have undertaken an HCS assessment, but they do not disclose details or provide publicly-available documentation. Partial points may also be awarded if companies HCS assessments are pending review.

Figure 9. Companies assessed on SPOTT with commitments to the HCV and HCS approaches (Nov 2017)



HCVRN ALS Quality Assurance for HCV assessment reports

The HCVRN ALS Quality Panel provides mandatory quality assurance reviews for all HCV assessment reports produced by ALS-licensed HCV assessors. This includes all HCV assessment reports undertaken for RSPO members with new plantings since 1 January 2015 under the RSPO New Planting Procedure (NPP).

The Quality Panel reviews HCV assessment reports against ALS procedures and the HCV Assessment Manual and checks that the report adequately meets six criteria known as 'key issues'.[46] Reports that satisfy all six key issues are passed as 'satisfactory'. Reports that fail on one or more key issues cannot be passed as satisfactory upon first submission to the Quality Panel. ALS-licensed HCV assessors have two opportunities to amend and resubmit reports with 'unsatisfactory' key issues after the first review. If the key issues remain unsatisfactory after two report resubmissions, the overall report is deemed unsatisfactory and is not passed.

More information is available on the ALS website here.

[42] SPOTT indicator 44

[43] RSPO. 2016. RSPO GHG Assessment Procedure for New Development, V3. [Accessed 16 February 2018]. Available from: https://www.rspo.org/certification/GHG-assessment-procedure#

[44] RSPO. 2017. RSPO and HCS Approach Steering Group to Formalise Dialogue on 'No Deforestation' Guidelines for Inclusion into RSPO Standards. [Accessed 2 February 2018]. Available from: https://rspo.org/news-and-events/announcements/rspo-and-hcs-approach-steering-group-to-formalise-dialogue-on-no-de-forestation-guidelines-for-inclusion-into-rspo-standards

[45] SPOTT indicator 45; indicator disabled for 13 companies due to them reporting no new planting or only having trading operations

[46] HCV Resource Network. 2017. Unsatisfactory HCV assessment reports: next steps for companies.. [Accessed 16 February 2018]. Available from: https://www.hcvnetwork.org/als/sites/default/files/sites/default/files/documents/a_unsatisfactory_reports_2017_eng.pdf

Conclusions and recommendations

The findings presented in this briefing note draw upon data collected from SPOTT assessments of 50 of the largest palm oil companies from October 2015 to November 2017. The analysis demonstrates that while there have been some considerable improvements in companies' commitments to the HCV approach since 2015, commitments to the HCS Approach are less prevalent. Careful inclusion of the HCS Approach in the RSPO's P&C could support improved alignment between HCV and HCS, drive its adoption by many more companies, and support more sustainable land planning processes.

The majority (85%) of companies assessed on SPOTT report their areas set aside for conservation or HCV areas, totalling 791,331 ha. The RSPO could provide opportunities to better connect HCVs in adjacent plantations and wider landscapes by encouraging companies to make digitised maps of HCV areas available to interested stakeholders.

Only 33% of companies assessed on SPOTT ensure their HCV commitment clearly applies to scheme smallholders and independent suppliers. It is crucial that companies ensure that their commitments extend to all of their suppliers, and they should engage with their suppliers to build capacity and ensure compliance with their sustainability policies.

Companies should make strong commitments to both HCV and HCS approaches, and disclose details of the management and monitoring activities they undertake while taking care to avoid revealing sensitive information such as the location of endangered species or sacred sites. To avoid the degradation of HCV areas and HCS forests over time, tools can support companies and help inform their adaptive management processes, such as the ZSL HCV Threat Monitoring Protocol. The RSPO's Certification Bodies should have systematic processes in place to ensure companies are undertaking effective HCV management and monitoring processes.

The RSPO's Certification Bodies should ensure that adequate checks are made during certification audits, to ensure both that RSPO members have used ALS-licensed assessors for HCV assessments for new plantings, and that HCV assessment reports have been submitted to the ALS Quality Panel for review. The RSPO should also consider including quality assurance requirements for HCV assessments for established plantings in its P&C, to ensure that the quality of HCV assessments is sufficiently high in all cases.

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